

REAL ESTATE

LOCATION:
NOOSA, QUEENSLAND

DEGREE OF FOCUS ON KEY THEMES

Calibrating the Organisational Compass



Revisiting Investment Strategies



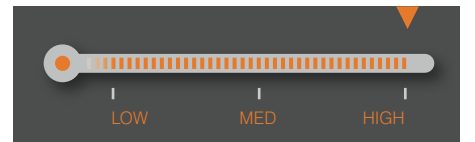
Assessing Macroeconomic Drivers



Evolution of the Regulatory Environment



INVESTMENT FOCUS OF FORUM CONTENT



Sunday 8 July – Tuesday 10 July 2012
Commences Sunday afternoon and concludes Tuesday afternoon



This forum is now established as the leading forum for real estate practitioners and investors to discuss topical issues relating to domestic and international real estate investing. It offers delegates the opportunity to investigate not only the practical issues of portfolio construction and implementation, including governance and fund structures, but also the latest developments, opportunities and supply and demand issues in this sector.

The forum will run back to back with CIE's Investing in Private and Alternative Markets forum, which will commence immediately after the conclusion of the Real Estate forum.

WHO SHOULD ATTEND?

Trustees, executives, investment committee members and investment staff of Institutional Investor entities directly or indirectly managing fund assets exceeding A\$1 billion

ATTENDANCE:

Approximately 30 superannuation fund representatives and 15 sponsor delegates

15
CPE POINTS

The 2012 Real Estate forum will extend and develop the key issues explored during 2011; in particular, the ways in which funds might address the looming capacity constraints in the Australian real estate markets, given the weight of money flowing into the sector.

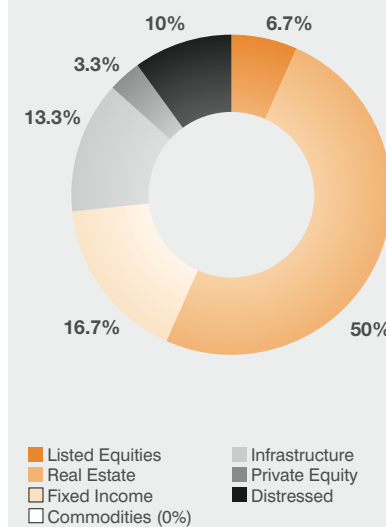
Identifying a more diverse range of offshore real estate assets, particularly suited to the profiles desired by superannuation funds is potentially part of the answer, and delegates will hear from regional experts and international property consultants on the key opportunities and pitfalls. Further, the identification of appropriate property benchmarks, the evolution of the public private partnership model and implications of a longer term shift away from core real estate will be discussed.

In 2011, the dominant feeling amongst delegates was that investing in real estate was one of the most attractive investment propositions (Fig 1), particularly because of the recent re-adjustment in property values, and the fact that it offered reasonable yields, steady growth and a hedge against inflation.

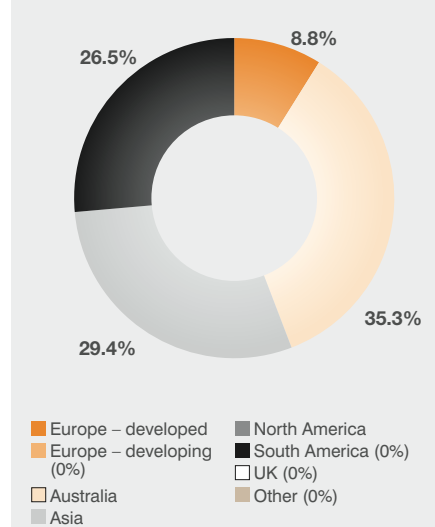
The GFC had a profound effect on global real estate markets but the modest economic recovery in the past year saw capital flows return to their usual levels. Nevertheless the core sectors remain the ones in which investors have the greatest appetite for and hence, have seen the greatest exposure to compression in cap rates.

(Fig 2) While delegates acknowledged attractive opportunities existing in offshore property markets, the home bias was quite prominent and focus for the most part remained on the Australian market, largely due to the advantages

(Fig 1) In which of the following asset classes are you most actively seeking opportunities?



(Fig 2) Broadly speaking, which region is most attractive from a real estate investment point of view?



of taxation, currency, inflation protection and accessibility. Property values are still below pre-GFC levels but the level of transparency, the stable political environment and the resilient economy are some of the key reasons the majority of delegates are looking to increase their exposure to Australian real estate. In view of the prominent home bias and the perceived attractiveness of the Australian market to overseas investors, general sentiment at the 2011 Real Estate forum was that, returns are likely to come under pressure unless opportunities outside of the core domestic property market are pursued.

The US market was shaken by significant declines in property values during the GFC and is continuing to suffer because of sluggish economic growth, as well as ballooning debt levels. A cautionary sentiment prevailed at the forum with respect to investing in US real estate,

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“CIE forums are always extremely well organised, professional and very informative.”

Sue Knowles,
Senior Operations
Investment Analyst
CSC Super

“This is an extremely efficient way to get to know key players and discuss issues.”

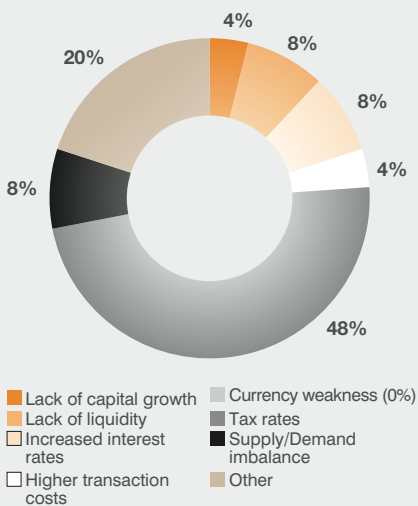
Kurt Wright,
Chief Executive Officer
Quadrant
Real Estate Advisors

“Another great forum with exceptional speakers.”

Greg Betts,
Employee Director
AUSCOAL Super

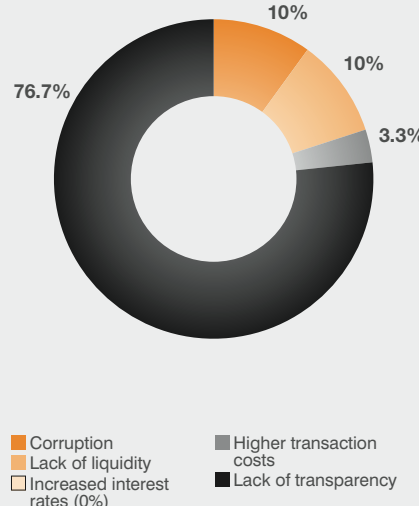
The 2012 Real Estate forum will weave new strands of thinking into the key issues that were debated in 2011, in addition to introducing new areas of interest, through discussion and debate with global experts, thought leaders and industry participants.

(Fig 3) For Australian investors, which of the following poses the greatest risk to investing in US real estate?



taxation being outlined as the primary risk, aside from economic concerns (Fig 3). Despite the proposed low risk strategies for entering the market as it continues to undergo a decline phase, investors perceived the risk profile of North America to be too high for the potential returns the real estate market offered, even within core property investments.

(Fig 4) Of the following, which poses the greatest risk to real estate investments in emerging economies?



A similar attitude of caution existed towards European property markets, predominantly due to the rising cost of capital and increasing delinquencies.

Opportunistic property markets in emerging economies were debated and the promises of solid returns were countered by concerns surrounding transparency, corruption and liquidity (Fig 4).

The key supporting characteristics of emerging Asia and Brazil include unprecedented demographic growth and a shortage of capital, yet the difficulty in doing business and managing property investments remotely remains a key hurdle for investors.

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Advisory committee

Jack McGougan
Head of Property, AustralianSuper

Pete King
Portfolio Manager, Property, Victorian Funds Management Corporation

Neil Matthews
Director, Property Investments, Super Investment Management/ REST Superannuation